

**UNDER SECRETARY OF STATE FOR
ARMS CONTROL AND INTERNATIONAL SECURITY
WASHINGTON**

July 17, 2013

**MEMORANDUM FOR THE CHAIRMAN, INTERNATIONAL
SECURITY ADVISORY BOARD (ISAB)**

**SUBJECT: Terms of Reference – ISAB Study on Energy Geopolitics –
Challenges and Opportunities**

The ISAB is requested to undertake a study of changing global energy geopolitics and the related international security challenges and opportunities for U.S. foreign policy.

The United States likely will face a changing global energy market during the next several decades that will have large effects on its international security relationships. The majority of global energy consumption will be driven by demand growth outside of the industrialized world. Global spare oil production capacity likely will remain focused in the Middle East, even as new hydrocarbon producers emerge in other regions and there are shifts in the global fuel mix. While decreasing U.S. energy imports, lower U.S. oil use, and increasing domestic production will provide the United States with important benefits, the characteristics of world energy markets preclude the United States from sheltering itself entirely from the effects of international energy prices. The changing patterns of supply growth, greater diversification of energy markets, and the globalization of natural gas likely will have significant and important effects on bilateral and multilateral relationships. A study of the changing characteristics of international energy markets and their predicted effects on U.S. security relationships could help the United States identify and formulate plans to manage future international security challenges as well as opportunities.

After reviewing how international energy markets are projected to change over the next few decades, it would be of great assistance if the ISAB could examine and assess:

- Resulting security challenges for the United States. Specifically, identify and assess energy market changes that would lead to new regional and global power shifts, changes in power relationships, expected shifts in alliances, impacts on international institutions, and potential international conflict. Identify U.S. policies that would help mitigate or optimize these effects to U.S. benefit.
- Resulting opportunities for the United States. Specifically, identify and assess energy market changes and U.S. policies that would result in reduced U.S. dependence on foreign energy sources, greater U.S. economic and policy influence and improved international relations, improved insulation from harmful market effects, enhanced nonproliferation, increased long-term energy spare capacity, increased long-term sustainability, and shifts in fuel-use patterns that would result in global environmental benefits.

During its conduct of the study, the ISAB may expand these tasks, as it deems necessary. I request that you complete the study in 270 days. Completed work should be submitted to the ISAB Executive Directorate no later than April, 2014.

The Under Secretary of State for Arms Control and International Security will sponsor the study. The Special Envoy and Coordinator for International Energy Affairs will support the study. Michael Brakke will serve as the Executive Secretary for the study and Chris Herrick will represent the ISAB Executive Directorate.

The study will be conducted in accordance with the provisions of P.L. 92-463, the "Federal Advisory Board Committee Act." If the ISAB establishes a working group to assist in its study, the working group must present its report or findings to the full ISAB for consideration in a formal meeting, prior to presenting the report or findings to the Department.



Rose E. Gottemoeller